# GOVERNMENT OF INDIA
# PETROLEUM AND NATURAL GAS
# LOK SABHA

UNSTARRED QUESTION NO:2984
ANSWERED ON:18.12.2008
FIXATION OF PRICE OF GAS
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**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

(a) whether the Group of Ministers constituted by the Government for the purpose of gas retailing in the country has come up with price fixation formula;

(b) if so, the facts thereof alongwith the reasons which led to formulation of the said formula;

(c) the criteria which determines the said price fixation formula; and

(d) the reasons as to why production cost was not taken as a base for fixing price of gas retailing in the country ?

## Answer

MINISTER OF STATE IN THE Ministry of Petroleum &Natural Gas ( SHRI DINSHA PATEL)

(a) to (d) The Government had constituted an Empowered Group of Ministers (EGoM) on gas pricing and commercial utilization of gas under New Exploration Licensing Policy (NELP).

The Price Formula submitted by the contractor has been approved for the purpose of sale of gas at the delivery point and not for the purpose of gas retailing in the country.

The Empowered Group of Ministers (EGoM) had taken into consideration the report of Prime Minister's Economic Advisory Council (EAC) for approval of the Price and the Formula. The criteria which determine the price fixation formula are a constant, a variable factor linked with the prices of crude oil and a biddable component.

Under NELP Contracts, the price Fixation formula for sale of gas at the Delivery Point is based on price discovery at arms lengths.